Introduction of Trolley Buses into Bangalore.

*Q.—176. Sri W. H. HANUMANTHAPPA (Bangalore District—General).—

Will the Government be pleased to state :—

whether they are proposing to introduce trolley buses early into Bangalore?

A.—The Hon'ble Sri K. T. BHASHYAM (Minister for Law and Labour).—

The matter is under consideration in consultation with the Government of India.

Disposal of Date Grove lands for cultivation.

*Q.—113. Sri GANGYA NAIKA (Shimoga District—Depressed Class).—

Will the Government be pleased to state :—

the scheme that has been so far prepared by the Committee set up by the Government for advising them in the matter of disposal of lands within date groves for cultivation?

A.—The Hon'ble Sri H. SIDDAIYA (Minister for Revenue and Excise).—

No scheme has been prepared by the Committee. But certain lands which were date groves and which do not contain thick growth of date trees have been recommended by the Committee for being disposed of permanently for cultivation.

Disposal of Date Grove Lands to Depressed Class People.

*Q.—115. Sri GANGYA NAIKA (Shimoga District—Depressed Class).—

Will the Government be pleased to state :—

the recommendations that the Committee set up by them for disposing of the lands within the date groves has made in the matter of giving these lands to the Depressed Class people?

A.—The Hon'ble Sri H. SIDDAIYA (Minister for Revenue and Excise).—

The Committee has recommended that a new column may be incorporated in the darkhast memorandum form so that information whether there were any landless Depressed Class persons in the village and whether they wanted these lands may be noted. This would enable the officer to consider their cases first before disposing of the lands.

Safeguarding the interests of Mysore Army transferred to the Centre.

*Q.—1. Sri H. C. LINGA REDDY (Kolar District—General).—

Will the Government be pleased to state :—

(a) the terms under which the Mysore Army was integrated with the Indian Army ;

(b) whether there is any agreement between the Government of India and the State Government in respect of the transfer of the Mysore Army ;

(c) if so, whether they will furnish the members of this House with a copy of the same ;

(d) the steps taken by them to safeguard the interests of such transferred army men ;

(e) how far the Government of India have complied with them ;

(f) whether the Government of India had given any assurance that the interests of the transferred army men would not be unduly jeopardised?

A.—The Hon'ble Sri T. MARIAPPA (Home Minister).—

(a) The integration of the Mysore State Troops with the Union Army took place with effect from 1st April 1950, and was due to the fact that 'Defence' is a Central subject according to the Constitution.

(b) The main agreement is under the Federal Financial Integration Scheme. According to this agreement the Government of India will, with effect from 1st April 1950, take over not only the entire expenditure in respect of I. S. F. Units but also the administration of those units.

(*c*) A copy of the agreement executed under the Federal Financial Integration Scheme is appended below.

(*d*) Every endeavour has been made and is continuously being made to safeguard the interests of the transferred army men to the best extent possible. Some of the steps taken are:

(i) to provide alternative employment in the Police and other Departments, etc., so far as soldiers are concerned;

(ii) a portion of the civilian staff to be absorbed in other Government departments;

(iii) preparation of a Land Colonisation Scheme for settling them on land;

(*e*) The Government of India have screened all the Officers and men and are retaining those considered fit by them according to the standards prescribed for the whole of India. They have announced mustering out concessions to the personnel who are to be discharged. The question of liberalising these concessions is being considered.

(*f*) Yes.

Agreement entered into between the President of India and the Rajpramukh of Mysore.

Whereas provision is made by Articles 278, 291, 295 and 306 of the Constitution of India for certain matters to be governed by agreements between the Government of India and the Government of a State specified in Part B of the First Schedule to the Constitution:

And whereas it is also necessary to provide for certain other allied matters;

Now, therefore, the President of India and the Rajpramukh of Mysore have entered into the following agreement, namely:—

The recommendations of the Indian States Finances Enquiry Committee, 1948-49 (hereafter referred to as the Committee) contained in Part I of its Report, read with Chapters I, II and III of Part II of its Report, in so far as they apply to Mysore (hereafter referred to as the State) together with the recommendations contained in Chapter IV of Part II of its Report, are accepted by the Parties hereto, subject to the following modifications, namely:—

(1) For computing the "federal" revenue-gap and the consequential transitional adjustments, the basic period for Revenue purposes will be taken as a period of two years, namely, the State's financial years 1946-47 and 1948-49, instead of the three-year period recommended by the Committee. For purposes of expenditure, the Committee's recommendation that only one year, namely, the State's financial year 1948-49, should be taken as the basis, will stand.

(2) The special contribution made from Railway Revenue to the Depreciation Fund, that is contribution in addition to the normal Depreciation Fund contribution in 1946-47, shall be added back and treated as addition to the accounted *net* Railway Revenue taken to the General Revenue of the State in that year.

(3) To the average "federal" revenues of the two years as computed in accordance with clauses (1) and (2) above, shall be added a sum of Rupees seven and a half lakhs to allow for certain special circumstances connected with certain "federal" revenues in the State during the basic period.

(4) In computing the "federal" revenues of 1946-47, the State's share from the Betelnuts Excise Pool shall be included.

(5) The adjustment of the Income-tax Revenue from the Assigned Tract in 1946-47 as recommended by the Committee in the Notes relating to Statement I in Chapter IV of Part II of its report shall not be made; that is to say, the actual collections in that area shall not be scaled down to what they would have been had the Mysore rates been in force in that area.

(6) Arrears in respect of Income-tax assessed before the 1st April 1950 but collected by the Government of India during 1950-51, *less* any refunds made in 1950-51, whether as a result of appeals or otherwise in respect of assessments made on or before the 31st March 1950, shall be paid over by the Government of India to the State Government. This will not affect the computation of the revenue-gap in any way and shall be in addition to the guaranteed reimbursement payable to the State in 1950-51 as a result of federal financial integration.

(7) In computing the "federal" expenditure of the State during its financial year 1948-49—

(*a*) the arrears of salaries and allowances paid in that year shall, to the extent that they represented the arrears in respect of any period prior to the 1st July 1948, be omitted.

(*b*) Military pensions, including pensions of non-I.S.F. Military personnel retiring on or before the 31st March 1950 shall be included. All hereditary Military pensions will, however, remain the liability of the State.

(*c*) The liability for the "federal" part of the Civil pensions payable in respect of persons retiring on or before the 31st March 1950, shall be taken at an amount equal to five per cent of the total liability for Civil pensions as on the 31st March 1950.

(*d*) The expenditure on special mineralogical surveys undertaken by the Geological Survey Department shall not be included; that is to say, the only expenditure to be treated as "federal" under heading "Geological Survey" shall be that incurred in connection with general surveys only.

(*e*) No expenditure shall be included under the heading "National Highways" (*vide* Item No. 2 of Statement II in Chapter IV of Part II of the Committee's Report).

(THE HON'BLE SRI T. MARIAPPA.)

(8) (*a*) For purposes of payment, the Civil pensions liability in respect of all persons retiring on or before the 31st March 1950, shall be treated as wholly that of the State Government; but the Government of India shall, for purposes of liquidating its share of the liability, make in each of the ten years following federal financial integration a contribution equal to seven and a half per cent of the total amount of Civil pensions payable as on the 31st March 1950. This contribution will be, in addition to the guaranteed reimbursements payable in connection with the "federal" revenue-gap resulting from federal financial integration.

(*b*) The pension liability in respect of Civil personnel retiring on or after the 1st April 1950, shall be wholly the liability of that Government at whose disposal the services of such persons are permanently placed as a result of federal financial integration.

(9) The Committee's recommendation (in paragraph 24 of Part II of its Report) concerning the assimilation of rates of interest on States Savings Bank Deposits and on future issues of States Savings Certificates to the Government of India rates shall be modified so as to require that the State rates of interest in question should approximate to the Government of India rates.

(10) As recommended by the Committee (at the end of sub-paragraph (3) (*c*) of paragraph 11 of the Annexure to Part I of its Report) the existing State-owned and State-operated enterprises shall be exempt from all "federal" taxes on income to the same extent to which they are now exempt from taxes on income in the State under the State law, and in "British India' under the Government Trading Taxation Act 1926; the said exemption shall also extend to improvements and developments associated with those enterprise.

(11) (*a*) The Tunga and Lakkavalli projects shall be excluded altogether from the computation of "provincial" productive capital assets.

(*b*) The capital expenditure according to the books on the Krishnaraja Sagar Irrigation Works, the Jog Hydro-Electric Works, and the Chamaraja Sagar Water Works, as at the date of federal financial integration, shall be written-down by reference to the yields from those works for the twelve months preceding the 1st April 1950, on the basis of the average annual rate of interest on the Public Loans outstanding as at that date.

(12) So much of the Special Reserve Fund (shown as Item No. 13 in Statement III of Chapter IV of Part II of the Committee's Report) as is required to be held in earmarked investments according to the percentages prescribed for that purpose for the various component parts of this fund, shall be given a higher priority in the list of liabilities by being placed as the first item under Section "C" of Statement III (in Chapter IV of Part II of the Committee's Report).

(13) Audit and accounts functions in the State will be directly under the control of the Auditor-General of India after federal financial integration exactly in the same way as in Part A States. The expenditure incurred in 1948-49 on this Department shall accordingly be treated as "federal" expenditure for purposes of computing the "federal" revenue-gap.

(14) For purposes of computing the current Assets of the State as in Statement IV of Chapter IV of Part II of the Committee's Report, the amount of "Loans and Advances" shall be written-down by so much as represents "Loans and Advances" which have been irrecoverable for five years or more immediately preceding federal financial integration.

(15) It is understood that Gold Duty in its old form was discontinued in July 1949. On this understanding it has been confirmed that in the assessment of the Gold Companies in 1950-51, the duty paid up to the date of its continuance in the *old* form will be allowed as an expense in the computations of their assessable profits.

(16) The Aerodromes at Bangalore and Mysore will be accepted as aerodromes of national importance. (If there are any other civil aerodromes in the State, their maintenance may be discontinued if the State Government thinks fit in any case, they will *not* go to the Government of India, as a result of federal financial integration).

(17) Any State-sponsored Banks or similar State-sponsored enterprises in the State now enjoying any explicit tax-exemptions shall be treated as "Industrial Corporations" for purposes of the continuance of the Income-tax concessions now enjoyed by them in accordance with paragraph 11 (3) (*b*) of the Annexure to Part I of the Committee's Report.

(18) The amount fixed as the Privy Purse or His Highness the Maharaja of Mysore shall be treated as "federal" expenditure; and the revenue-gap resulting from federal financial integration shall be computed accordingly, and thereupon there shall be no separate recovery of any part of the amount of such Privy Purse from the Government of the State.

Subject to the provisions of the Constitution of India, this agreement shall, except where the context of the Committee's Report and of this agreement otherwise require, remain in force for a period of ten years from the commencement of the Constitution of India.

A copy of the Committee's Report (Parts I and II), herein referred to, is annexed.

This agreement is executed in duplicate on the twenty-eighth day of February one thousand nine hundred and fifty."

The figures can be finalised with reference to actual position on 1st April 1950 and with reference to yields for 12 months prior to 1st April 1950 in the case of certain assets and after considering other factors affecting the computations.

On a provisional basis, the net revenue-gap to be reimbursed to the State after deducting privy purse has been computed at Rs. 325 lakhs. The central share of public debt is about Rs. 6 crores, and after deducting the amount payable to the centre, namely, Railway Deposits, Railway Provident Fund, Railway Capital Reserve, etc., the net amount payable to the State will be Rs. 3 crores odd on an approximate basis.